



2015-2016 General Assembly

SENATE BILL 694: Reegan's Rule/Enforce Pharmacy Benefits Management, Sec. 2: Penalties for Pharmacy Benefit Managers

Committee:

Introduced by:

Analysis of: Sec. 2 of S.L. 2015-273

Date:

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Staff Attorney

SUMMARY: *Sec. 2 of S.L. 2015-273 expressly grants the Commissioner of Insurance enforcement authority over Pharmacy Benefits Managers (PBMs), allowing the Commissioner to impose a monetary penalty of between \$100 and \$1,000 per day for each prescription drug resulting from the PBM's failure to comply with the requirements pertaining to maximum allowable cost required by law (G.S. 58-56A-5). The Commissioner may also petition the Superior Court of Wake County for an order directing the PBM to pay restitution if the Commissioner finds that a violation of the laws pertaining to pharmacy benefits management (Article 56A of Chapter 58 of the General Statutes) has occurred.*

This section becomes effective July 1, 2016.

[The section of S.L. 2015-273 that pertains to childhood diabetes education is summarized in the HEALTH AND HUMAN SERVICES subject area.]

BACKGROUND: Pharmacy Benefits Managers (PBMs) process prescriptions for groups that pay for drugs, e.g., insurance companies or corporations, by acting as an intermediary between the payor and other members of the health system. Under Article 56A of Chapter 58, PBMs may place a particular drug on a "Maximum Allowable Cost" (MAC) price list, provided the drug meets certain criteria. Once a PBM places a drug on a MAC list, it is required to conduct a review of the MAC prices for potential removal or modification at least once every seven business days and, if necessary, modify the MAC price of the drug or remove it from the MAC price list within seven business days of the review.

O. Walker Reagan
Director



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